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### **KHPA Publishes Medicaid Rate Cuts** *SRS, Aging, JJA Services Also Affected*

(TOPEKA) – The Kansas Health Policy Authority will take the first step on Thursday, Dec. 17, toward implementing a 10 percent reduction in Medicaid reimbursement rates. The reductions will affect payments to more than 25,000 health care providers who serve nearly 320,000 low-income families, elderly and disabled people in Kansas. By publishing notice of the rate reduction in the Kansas Register, KHPA can proceed to implement the cuts starting Jan. 1, 2010. KHPA is the lead agency for the Medicaid program and is responsible for implementing the Governor’s decision to reduce payments.

The rate reduction is expected to lower State General Fund expenditures for Medicaid services by \$12.5 million between January 1 and June 30. However, the reduction in state spending will also result in lower federal reimbursements for Medicaid services. Thus, the total reduction in payments to providers is estimated at just over \$59 million through the end of the fiscal year.

“We recognize this will impose a significant hardship on providers,” said KHPA Acting Executive Director Andy Allison. “Medicaid payments aren’t generous to begin with, and reducing payment will only weaken the business case for providers to participate. Many serve out of a sense of obligation and a personal commitment to their patients. We can only ask that the medical community bear with us so Kansans continue to have access to the health care they need.”

Medicaid services in Kansas are provided through two mechanisms, and the schedule for implementing the cuts will be different for each. For services reimbursed on a fee-for-service basis the cuts will take effect Jan. 1. For services provided to beneficiaries who are enrolled in managed care, also known as HealthWave, the cuts are expected to take effect in March or April, pending approval by the Centers for Medicare and Medicaid Services (CMS).

The reductions will appear separately on payment verification forms for providers. After calculating the amount payable under normal procedures, the documents will show a 10 percent “Budget Shortfall” reduction.

(more)

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## **KHPA Publishes Notice of Rate Reductions – 2**

That reduction will apply to medical services administered by KHPA through Medicaid, the State Children's Health Insurance Program, and MediKan. It will also apply to Home and Community Based Services (HCBS) provided to developmentally disabled and physically disabled Kansans by the Department of Social and Rehabilitation services; nursing home care for the elderly and HCBS care provided under the Frail Elderly waiver program by the Department on Aging; and services provided to juvenile offenders in custody of the Juvenile Justice Authority.

In November 2009, there were 317,836 individuals enrolled in medical assistance programs through those four agencies.

"The rate cuts will have a major impact on services for individuals with disabilities," said SRS Secretary Don Jordan. "The Community Mental Health Centers have already absorbed significant reductions in funding and the additional Medicaid reduction will mean reduced services to consumers. Waiting lists for community based disability services will continue to grow and services may be affected as some providers may end up going out of business. As difficult as these times are for our service providers, we know they are even more difficult for the individuals we serve and we urge providers to work with us to continue serving Kansans in need."

Martin Kennedy, acting Secretary of the Kansas Department on Aging said more than 5,800 elderly Kansans each month rely on home-based services paid for by the Frail Elderly waiver. While the average monthly cost to provide these services is roughly \$1,000 to each recipient, the value to that individual is "priceless," Kennedy said, and is often the key to their continued independence.

"There's a danger that the cuts to providers will force them to limit or discontinue their participation in the Medicaid HCBS-FE program," Kennedy said. "Without access to these services, some seniors may have to move to a nursing facility, which is more expensive and less desirable than community-based care."

Another 18,300 seniors live in the state's 344 nursing homes, most of which care for Medicaid residents. The rate reduction puts similar strains on congregate care facilities, Kennedy said. The reductions may force some homes to reduce staffing, cut services or even close. Some may no longer accept Medicaid recipients. "That means access to critical services is severely endangered for our most vulnerable citizens both living in our communities and in our nursing facilities."